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INL FOR TOM MARTIN
JUSTICE FOR OIA, AFMILS, AND NDDS
TREASURY FOR FINCEN
DEA FOR OILS AND OFFICE OF DIVERSION CONTROL

E.O. 12958: N/A

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SUBJECT: ARGENTINE CHAPTER OF 2004-2005 INCSR PART I

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I. Summary

1. Argentina is not a major drug producing country, but it is a transit country for cocaine flowing from neighboring Bolivia, Peru and Colombia primarily destined for Europe. Argentina is also a transit route for Colombian heroin en route to the U.S East Coast (primarily New York). Due to its advanced chemical production facilities, Argentina continues to be a source for precursor chemicals. According to Argentine Government (GOA) statistics, there was more cocaine seized in the first three quarters of 2004 than in the entire 2003 calendar year. In addition to Argentine traffickers, there is evidence that Colombian drug traffickers have greatly increased their presence in all aspects of the Argentine drug trade. In 2004 there was an increase in domestic cocaine production using coca base imported from Bolivia. In late 2004, the GOA seized a Colombian-run cocaine laboratory located in the Buenos Aires area reportedly capable of producing up to 300 kilos of cocaine. This may signal a new chapter in the global war on drugs, as Colombian narcotics traffickers search out alternative bases of operations and transit routes in response to the increased pressure of Plan Colombia. Also of concern is that according to GOA statistics, domestic drug use continues on the upswing. The dangerous trends of increased domestic drug consumption and production coupled with the increased activity of Colombian drug traffickers are indications that the situation in Argentina is at a crucial point.

2. The GOA recognizes the increase in narcotics trafficking and consumption, and during 2004 has taken concrete steps toward combating these growing problems. In September, following ten years of negotiations, the GOA signed an INL Letter of Agreement (LOA) with the U.S., both demonstrating its increased willingness to work with the U.S. on narcotics related issues, and enabling the U.S. to begin providing assistance to the GOA. In December, the Ministry of the Interior started developing a National Security Plan targeting specifically the area of drug trafficking along its border area with Bolivia and Paraguay, and has requested DEA assistance in both the planning and execution phases of this vital process. Also in December, the GOA cabinet office in charge of prevention issues (SEDONAR) announced plans to create the first ever national drug prevention plan emphasizing youth education and public awareness. SEDONAR has asked Post, s INL representative to be involved in the project and to assist in obtaining regional expertise from neighboring countries. Narcotics use and trafficking are important issues in Argentina, and the GOA, s relationship with the USG in narcotics-related issues is extremely close and positive. Argentina is a party to the 1988 UN Drug Convention.

II. Status of Country

3. While cocaine production is increasing, Argentina is not a major drug producing country. Because of its advanced chemical production facilities, it is one of South America's largest producers of chemicals used to manufacture almost all the precursors necessary to process cocaine and heroin. Marijuana remains the most commonly smuggled and consumed drug, with cocaine HCl and inhalants ranked second and third. Recently the use of Paco, coca base mixed with toxic chemicals, has increased in Argentina. Paco is a relatively inexpensive and addictive drug similar to crack, and is popular among low-income youth. Bolivia is the primary source of narcotics entering Argentina, but narcotics also enter via Paraguay and Brazil. The trafficking of Colombian heroin through Argentina to the U.S. East Coast has decreased in 2004 due to the capture of a well-organized heroin trafficking ring in December 2003, but heroin trafficking via commercial air carriers remains a concern. Seizures of amphetamines and ecstasy (MDMA), a synthetic stimulant with hallucinogenic properties, are increasing.

III. Country Actions Against Drugs in 2004

4. Policy Initiatives. The government actively targets the trafficking, sale, and use of illegal narcotics. Internal

Security is one of the highest profile issues in Argentina today, and the fight against crime in Argentina is synonymous with the fight against drug traffickers and drug use. In September 2004, President Nestor Kirchner moved the Security Secretariat from the Justice Ministry back to the Ministry of

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the Interior, a move that is widely seen as significantly raising the profile of security related issues. In December 2004, the Interior Minister announced plans to develop a national security plan to deal with the drug trafficking problem. The Interior Ministry is working with SEDRONAR, the Gendarmeria National (border guards), Aduanas (Customs), the Federal Police and Provincial leadership and law enforcement on this issue.

15. Accomplishments. From November 2003 to October 2004, the DEA-funded Northern Border Task Force (NBTF) seized in excess of 54,910 kilograms of illicit chemicals, down significantly from 153,569.50 kilograms during the same period in 2003. While the amount of illicit chemicals seized was down in 2004, the amounts seized indicates that chemical diversion remains a serious problem. The NBTF and Group Condor seized 691 Kilograms of cocaine, including base, and arrested 139 traffickers in FY2004 as compared with 507.88 kilograms of cocaine and 207 traffickers in 2003. A major benefit derived from these operations has been the enhanced cooperation between the agencies in the conduct of joint investigations.

16. According to statistics provided by SEDRONAR, in the first nine months of 2004, GOA law enforcement seized 12 clandestine cocaine laboratories capable of processing an estimated 565 kilograms of cocaine. Not included in SEDRONAR's statistics is the November 2004 GOA seizure of the largest cocaine lab ever discovered in Argentina, reportedly capable of producing more than half as much cocaine as all the other labs seized in 2004 combined. In comparison, eight labs were seized in 2003, and only 15 small labs were seized between 1999 and 2002.

17. According to SEDRONAR, 2,155 kilograms of cocaine were seized in the first three quarters of 2004, compared to 1,918 kilograms of cocaine for all of 2003. Also according to SEDRONAR, 43,920 kilograms of marijuana were seized in the first three quarters of 2004, compared to 45,553 kilograms during the same period in 2003. SEDRONAR also reports that 29.8 metric tons of coca leaf were seized during the first three quarters of 2004, down sharply from the 39.5 metric tons seized during the same period in 2003. Seizure totals for the last three years are considerably lower than the 91.3 metric tons seized in 2001.

18. Law Enforcement Efforts. The Ministry of the Interior, in coordination with SEDRONAR, directs federal counternarcotics policy. The primary federal forces involved are the Federal Police, the Gendarmeria, Aduanas, National Air Police (PAN), and the Prefectura Naval (Coast Guard). Provincial police forces also play an integral part in counternarcotics operations. The GOA has recently signaled an increased dedication to combating both narcotics trafficking and consumption and are actively taking measures to increase coordination between the various law enforcement agencies.

19. All of Argentina's security forces face continuing severe counternarcotics budget limitations which have hampered investment in training and equipment. Also, weak coordination between law enforcement agencies continues to lessen GOA effectiveness. The GOA recognizes these problems and has taken steps to alleviate them. The Gendarmeria, for example, has been authorized to recruit an additional 2,000 members in 2004 and one of the primary goals of the proposed National Security Plan is to seek methods to greatly increase interagency cooperation.

10. Corruption. Corruption remains a high profile issue in Argentina and the GOA continues to make efforts to eliminate corruption and prosecute those implicated in corruption investigations. The GOA has created the Anti-Corruption Office within the Executive Branch that is responsible for investigating suspected instances of corruption. Since its inception, the office has initiated more than 1,000 investigations, some of which in recent months have either gone or are heading to trial. In 2004, the former Environment Secretary Maria Julia Alsogaray was convicted on corruption charges and is currently incarcerated. The GOA does not facilitate illicit production or distribution of narcotic or psychotropic drugs or other controlled substances or the laundering of proceeds from illegal drug transactions.

11. Agreements and Treaties. Argentina remains very active in multilateral counternarcotics organizations such as the Inter American Drug Abuse Commission, the International Drug Enforcement Conference (IDEC), and the United Nations Drug Control Program. The GOA hosted the IDEC in 2000 and played an active role in IDEC 2001-4. In 2004, Argentina continued

to urge MERCOSUR (Common Market of South American Nations) to play a larger role in money laundering and chemical precursor diversion investigations.

¶12. Argentina is a party to the UN convention Against Transitional Organized Crime and two of its protocols (trafficking in persons and alien smuggling), and has signed but not yet ratified the third protocol (firearms). The GOA has bilateral narcotics cooperation agreements with many neighboring countries. The United Kingdom, Germany, Australia, France and Italy provide limited training and equipment support. In 1998, a witness protection program for key witnesses in drug-related prosecutions was created. In 1997, the U.S. and Argentina signed a new extradition treaty, which entered into force on June 15, 2000. A Memorandum of Understanding between the U.S. Department of the Treasury and SEDRONAR dealing with the exchange of financial information relating to money laundering was also signed in 1995. In 1990, Argentina and the USG signed a mutual legal assistance treaty that entered into force in 1993. Argentina is a party to the 1988 UN Drug Convention.

¶13. Cultivation/Production. Illicit cultivation of marijuana remains negligible, and no other narcotics are cultivated in Argentina. There was a large increase in both the number and size of clandestine cocaine laboratories seized in 2004 that indicates an increase in domestic narcotic production, but the amount of cocaine produced annually in Argentina is still small when compared to other nations in the region.

¶14. Drug Flow/Transit. Most Argentine officials agree that drug trafficking is a growing problem. The bulk of cocaine and marijuana enters Argentina via Bolivia utilizing the remote and often rugged land border between Bolivia and the provinces of Salta and Jujuy. Narcotics smugglers also move cocaine and marijuana across the river border between Paraguay and the provinces of Misiones and Corrientes. Heroin and some cocaine enter Argentina via commercial aircraft. Increasingly, GOA officials are becoming concerned about the use of small private aircraft to carry loads of narcotics into Argentina from Bolivia and Paraguay. GOA officials acknowledge that only a small percentage of Argentine airspace is covered by radar and, in the absence of effective radar information, it is simply impossible to gauge the number of aircraft entering Argentina undetected. The GOA recognizes the lack of radar coverage and is actively pursuing the purchase of several mobile radar units. Based upon intelligence reporting, Post's DEA Attach believes the highest volume method of narcotics transportation from Argentina is via containers passing through Argentina's maritime port system. As a member of MERCOSUR, Argentina cannot open and inspect sealed containers from another member state that pass through the country without direct intelligence on a specific container. These uninspected containers are considered to be a high trafficking threat. Narcotics also are shipped out of Argentina using commercial aircraft, and in some cases, by cruise ship passengers. Couriers of cocaine from Argentina are primarily destined for Europe. Couriers of heroin are primarily destined for the United States.

¶15. Demand Reduction Programs. SEDRONAR is charged with coordinating the GOA's demand reduction efforts and in December the newly-appointed head of SEDRONAR directed his staff to develop a comprehensive demand reduction plan focusing on youth education and public awareness. Drug use is treated as a medical problem and addicts are eligible to receive federal government-subsidized treatment. Buenos Aires province, the most heavily populated province and also the one with the largest number of regular drug users, has its own well-established demand reduction program.

IV. U.S. Policy Initiatives and Programs

¶16. Policy Initiatives. The September 2004 signing of the LOA has allowed Post to receive an INL budget for the first time since 1995 and begin providing much needed training and assistance. However, as Argentina remains under Brooke Amendment Sanctions for failure to make payments on a bilateral loan, this may affect Post's ability to provide assistance. As mentioned above, the GOA is embarking on the creation of both a national security plan focusing on narcotics interdiction and a national drug prevention plan. The GOA has asked for Post's input and assistance with both plans.

¶17. Cooperation between the USG and Argentine authorities, both federal and provincial, continued to be excellent in 2004. During 2004, USG assistance supplied a wealth of equipment and training programs for Argentine law enforcement personnel. Examples of USG-funded programs in 2004 include: Two law enforcement tactical training courses provided by DEA; a money laundering course sponsored by the Department of Homeland Security (ICE); an airport narcotics interdiction course sponsored by DEA/INL; and a prevention seminar held in conjunction with SEDRONAR sponsored by PAS and INL. DEA/INL also sponsored several GOA law enforcement

professionals, participation in regional training programs. In addition to providing valuable training opportunities, Post's DEA detachment supports the Northern Border Task Force (NBTF), Group Condor, and starting in 2004, the Mendoza Airport Task Force. The DEA-supported task forces demonstrate the benefits of interagency cooperation, and GOA officials have expressed interest in expanding the program to develop task forces in other narcotics trafficking hot spots.

18. The Road Ahead. The GOA is taking concrete steps to combat both narcotrafficking and drug use, and Post will continue to assist and encourage the GOA in this process. The signing of the LOA has created a window of opportunity for even greater cooperation, and Post will diligently seek out still more opportunities to constructively engage the GOA on narcotics issues. Possible areas of further cooperation include expanding the task force program to include the creation of a Tri-border task force in the province of Misiones and a Port of Buenos Aires task force to control narcotics trafficking between Buenos Aires and Uruguay. Post will also continue encouraging the GOA to work toward improving its radar system in the border area.

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